

**MINUTES OF THE SPECIAL MEETING OF THE
WASHINGTON STATE TRANSPORTATION COMMISSION
July 16 & 17, 2002**

The regular meeting of the Washington State Transportation Commission was called to order at 9:00 a.m., on July 16, 2002, in Room 1D2 of the Transportation Building in Olympia, Washington.

Commissioners present were: Aubrey Davis, Ed Barnes, Elmira Forner, George Kargianis, A. Michèle Maher, Chris Marr and Connie Niva.

APPROVAL OF MINUTES

It was moved by Commissioner Niva and seconded by Commissioner Forner, to approve the minutes of the June 19 and 20, 2002 Commission meetings. The motion was approved unanimously with a correction as requested by Commissioner Niva.

ADMINISTRATOR'S REPORT

Chris Rose, Commission Administrator, provided the Commissioners with a draft Commission Budget Request for the 2003-05 biennium. He indicated that proposed changes were incorporated as a result of Commissioner review in April. Mr. Rose briefly reviewed the Commission's funding source and expenditures.

It was moved by Commissioner Barnes, and seconded by Commissioner Niva, to approve the 2003-05 Commission Budget Request as presented. The motion was approved unanimously.

Mr. Rose reminded commissioners that the Commission meeting would be held in Tukwila, Washington on July 17, 2002. He then mentioned the Aviation Division's open house on July 23 and indicated that Commissioners Forner and Niva would be attending. Commissioner Barnes indicated that he would also attend the open house.

**WASHINGTON STATE FERRY TARIFF POLICY COMMITTEE MEMBER
CONFIRMATIONS**

Mr. Rose pointed out that the Commission passed a resolution on July 14, 1999, indicating that Alice Tawresey, Chair of the Tariff Policy Committee would be the appointing authority for the Tariff Policy Committee, but then the Commission has to take an action to approve the appointments. He stated that the Washington State Ferry System has requested approval of the membership list for the coming year. The following appointees were recommended:

4 Legislators: Senator Mary Margaret Haugen; Senator Bob Oke; Representative Mike Cooper; and Representative Beverly Woods

4 Transit Representatives: Melanie Bozak, Jefferson Transit; Barbara Gilliland, Sound Transit; Dick Hayes, Kitsap Transit; and Joy Munkers, Community Transit

1 Non-Motorized Representative: Kirk Robinson, Co-Chair, WA. St. Bicycle Advisory Commission

1 Trucking Representative: Ed Sutton, Speciality Ice Cream, Orcas Island

1 Employee Union Representative: David Freiboth, Inlandboatmen's Union of the Pacific

7 Ferry Advisory Committee (FAC) Members: Robert S. Distler, San Juan FAC; Sally Fox, Vashon FAC; Commissioner Tim Botkin, Bremerton FAC; Jack Leengran, Clinton FAC; Ian Munce, Skagit County FAC; Scott Rhodes, Southworth FAC; and Tom Waldron, Bainbridge Island, FAC

1 WSF Staff Representative: Sam Kuntz, Chief Financial Officer, WSF

It was moved by Commissioner Niva, and seconded by Commissioner Maher, to approve the Tariff Policy Committee appointments. The motion was approved unanimously.

COMMISSIONER REPORTS

Commissioner Maher reported that aside from attending her usual meetings, she also attended the Washington International Trade Conference on July 2, which was co-chaired by Senator Patty Murray and Senator Maria Cantwell. The conference covered several topics regarding freight mobility and transportation security. She stated that Secretary MacDonald participated in the transportation panel and did a very nice job.

Commissioner Forner reported on her participation in the Pacific Northwest Economic Region Conference, held in June, which covered several topics in transportation and economic development. She provided a summary of the conference to the commissioners. A portion of the conference that was of interest to her was ferry safety and the relationship between British Columbia and Washington State. She indicated that Mike Thorne, Chief Executive Officer, Washington State Ferries, sent a representative from the ferry system to learn more about ferry security issues. She stated that this was a good conference and feels it is important to the Commission and the Department to have representatives attend. She also reported on her attendance at a US 97 Scenic Corridor meeting in Omak, and conveyed the enthusiasm and dedication of the people in

the communities along the route in working to revitalize the economy of the area. She also attended the Wenatchee Valley Transportation Conference and indicated that the community leaders are in the process of developing the policies to create a Metropolitan Planning Organization.

Commissioner Marr reported on his participation in the Washington Economic Development Association Conference and on the Governor's task force that developed recommendations for improving the performance of the state in promoting economic development. The Governor has agreed with the recommendations, including one that called for the formation of an Economic Development Commission. He also discussed the concerns of the neighborhoods that might be impacted by the intersection of the North Spokane Corridor and Interstate 90. He then shared a video and information on Commuter Cars that were designed by a small start-up company out of Spokane.

Commissioner Niva reported on her participation in the Puget Sound Freight Mobility Roundtable meeting in July, and discussed the need for the Department to develop a transportation funding and needs presentation that can be delivered in 15 minutes or less. She also attended a Snohomish County Citizens for Improved Transportation meeting.

Commissioner Barnes reported that the I-5 Corridor Project is wrapping up 18 months of study regarding the crossing of the Columbia River between Vancouver and Portland. He indicated that the Joint By-State Committee, which is made up of elected officials from Washington and Oregon Regional Transportation Councils, has adopted a resolution supporting the recommendations of the I-5 Project. The recommendations of the project committee will be presented to the Commission later in the year.

Commissioner Kargianis reported that he attended the Trade Conference on July 2, and also spoke of his interest in having the Commission hold joint meetings with the neighboring states' and provinces' transportation commissions to discuss common issues.

Commissioner Davis reported that he spoke to the Ride Sharing Conference in Spokane regarding the "10 Myths of Transportation". He also spent a considerable amount of time working with neighborhood groups to facilitate agreement on the Trans-Lake Washington project. He also announced that the FHWA approved a grant to the Puget Sound Regional Council and the Department jointly, to conduct a demonstration project on congestion pricing.

PUBLIC AND LEGISLATOR COMMENT PERIOD

Larry Archer, Government Affairs Coordinator of the International Union of Operating Engineers Local 612, expressed his organization's disappointment over the amount of product and labor that would be purchased overseas for the Tacoma Narrows Bridge project. He confirmed, however, the union's strong commitment to the project's

success and indicated it would work with the Department to deliver the project. He asked that in the future the Commission avoid contracting for work to be done overseas.

Don Williams, resident of Gig Harbor, expressed his concern over the cost of the Tacoma Narrows Bridge project. He pointed out that the final cost negotiated with the contractor exactly matched the amount of money available in the appropriation and bond authorization, and stated that the result was proof that WSDOT did not get the lowest possible cost, but rather the highest possible cost. He also pointed out that the \$6 toll projected for closing years of the project was the highest toll ever discussed.

Bill Wright, resident of San Juan County, expressed his concern over the involvement of the Tariff Policy Committee in the ferry fare setting process. He pointed out that the law provides that the Department make recommendations to the Commission regarding ferry fares, not a tariff policy committee. He asked the Commission to reconsider the representation on the committee as well, stating that the transit agencies should not have a vote, and that Kitsap County is over-represented on the committee. Commissioner Davis responded that the Commission would take his ideas under consideration and discuss them with Washington State Ferries and the Tariff Policy Committee.

WSDOT 2003-2005 BUDGET DEVELOPMENT

Secretary MacDonald introduced Richard Ybarra, the new Director for the Finance and Administration Division. Mr. Ybarra briefly discussed the issues to be addressed under the agenda item, and reviewed the work completed to date. He indicated that Amy Arnis, Manager, Financial Planning Office, would present the revenue projections; Bill Ford, WSDOT Budget Chief, would present the operating and capital budgets; and Rick Smith, Director, Planning and Capital Program Management, would discuss the highway capital plan.

Ms. Arnis, Manager, Financial Planning Office, described the current law revenue sources and Referendum 51 revenue sources, and the amount of revenue that would be generated for 2003-2005. She pointed out that how much total revenue would be available under Referendum 51 would depend on how early bonds were sold. The earlier that bonds are sold, the less total revenue would be available because of the cost of debt service. She explained that in the assumptions the Department made in the draft budget, there would be a \$560 million deficit at the conclusion of the ten year Referendum 51 program, because of a proposed, more aggressive construction schedule and the resulting more aggressive use of bonding. Commissioner Marr asked whether the Legislature had anticipated the deficit when it passed both Referendum 51 and the new law budget. Secretary MacDonald responded that the deficit was identified after the legislative session, when the Department considered the clear call for aggressive project delivery in light of the revenue stream assumptions. He pointed out that both the revenue projections and the expenditure projections could change considerably during the life of the program, as the Department had never attempted to project revenues over a ten-year

period and the Cost Evaluation Validation Process (CEVP) demonstrated that project costs and the schedule of delivery could be significantly affected, positively or negatively, by a number of factors. Commissioner Marr responded that the \$560 million deficit was still a large variable, and demonstrated the problem of trying to appropriate funding by specific projects. He also cautioned the Commission that if it adopted the budget proposal, it might have a stream of legislators coming to its meetings in six years reacting to projects being deferred because of revenue shortfalls. Secretary MacDonald responded that if the program is being delivered well and the public sees the Department can deliver the program, adjustments to the revenue would be supported by the public. He also pointed out that the federal reauthorization of TEA 21 would undoubtedly change the projection regarding available federal revenue.

The Commission then reviewed with Bill Ford, WSDOT Budget Chief, the proposed current law and Referendum 51 operating budget proposal and the capital budget proposal, except for the Highway Improvement and Preservation programs. He pointed out that this is a work in progress, and includes decisions that the Commission has made up to this point. This budget includes performance measures and historical spending trends. He indicated that the Department would be back in August to ask the Commission to adopt the budget for 03-05. He described the layout of the budget and charts and requested any suggested comments and/or changes to any perception problems that may be caused by the charts. He stated that OFM has forwarded the Department's "official" base numbers, so the numbers in these documents have changed slightly from the estimated numbers used previously.

Secretary MacDonald shared with the Commission how performance measures have been incorporated for each program area. This is intended to show what the public gets for the money that the Department spends. This is a new process that is still being designed. It is aligned with the way the state generally is trying to do budgeting with more attention to performance measures and is an obvious link to what people are seeing in the Gray Book. He indicated that the budget presented to the Commission in August would have performance indicators for every project category.

Rick Smith, Director, Planning and Capital Program Management, reviewed the decisions the Commission made at the June meeting regarding the current law program of projects. He provided a list of the Improvement Program projects that would be funded at the current law level, and indicated the draft Capital Improvement and Preservation Program book submitted to the Commission for approval in August would have the 03-05 expenditures for each project identified. He then provided a spreadsheet showing the projects that were deferred in the 01-03 current law budget by the Commission in April, pointing out which groups of projects would be funded in the 03-05 current law proposal and which would be funded in the 03-05 Referendum 51 based budget proposal. He reminded the Commission that it would be proposing that some projects that were in the 01-03 current law budget, but were also either in the Referendum 51 list of projects or related to projects on the Referendum 51 project list, projects be funded 100% under the Referendum 51 budget.

Mr. Smith then explained the Department's proposal to accelerate program delivery for the Referendum 51 projects compared to the assumptions made by the Legislature in passing the referendum and the related budget. He provided a chart that showed for all programs, not just highway construction, the rate of expenditure that could be delivered and compared that to the revenue stream assumed by the Legislature and the revenue stream proposed by the Department (which would be funded by earlier and larger sale of bonds). Secretary MacDonald reiterated that the choice facing the Commission for the budget proposal, which would then be considered by the Legislature, was whether to attempt faster delivery of projects and earlier benefits to the public, or to maximize revenues. He estimated that additional revenue might have to be approved for the 09-11 biennium budget in order to match the original estimates of how much of the projects would be completed. The Commission discussed the proposal. Mr. Smith indicated that the purpose of bringing this to the Commission today, was to seek the Commission's affirmation for developing a Referendum 51 project list that would pursue the aggressive build-out schedule. This would be the list that will be brought to the Commission in August. Mr. Ford stated that the Department would bring the budget and capital program to the Commission at its August meeting for final review and approval.

It was moved by Commissioner Barnes, and seconded by Commissioner Maher, to have staff develop a 03-05 budget proposal and capital program based on the accelerated program delivery schedule. The motion passed unanimously.

TACOMA NARROWS BRIDGE UPDATE

Linea Laird, Tacoma Narrows Bridge Project Manager, reviewed the project schedule with the Commission and pointed out that the Commission members received a summary of the agreements reached with Tacoma Narrows Contractors in their notebooks. Paul Marsallis, Wilbur Smith Associates (WSA), reviewed with the Commission the firm's traffic analysis and the assumed toll rate schedule used to estimate revenue that would be generated. Mr. Marsallis discussed diversion alternatives; and also mentioned 11 surveys that were conducted by WSA in order to obtain data to be used for toll assumptions. The rates assumed were \$3 across the board for all vehicle classes to begin April 1, 2007. By January 1, 2008 passenger cars would still be levied the \$3 toll, while commercial vehicle classes would be levied tolls of \$1.50 per axle. The Toll Rate Schedule assumes one dollar increases in 2010, 2013 and 2016. The toll for a passenger vehicle in 2016 would be \$6, and \$3 per axle for commercial vehicles. He pointed out that these rates could be flexible depending on how the traffic comes to fruition via the forecast. The Commission members discussed the assumptions, and pointed out to the Department that the Commission would want to explore options in setting tolls that would consider such issues as rates for carpools, vanpools and transit buses. The Commission also asked for a history of the presentations that were given regarding the potential toll rates, both to the Commission and to the public and other stakeholders.

Amy Arnis, Manager, Financial Planning Office, discussed the assumed tolls and estimated annual transactions and revenue. She then reviewed highlights of the financial plan indicating one of the provisions of the legislation was that the Motor Vehicle Fund where gas tax is deposited would need to be reimbursed from the Toll Bridge Account, because the bonds that are helping to support this project are gas tax backed bonds that are secured by the full faith and credit of the state and gas tax. She then discussed a new account that was set up - Tacoma Narrows Toll Bridge Account - and stated that the sources of funds that will be deposited into the account over the life of the project are bond proceeds, a \$39 million cash transfer that was provided by the Legislature in the supplemental budget, toll revenue, interest income, and any other sources of revenue the Legislature chooses to direct into the account in the future.

SECRETARY'S REPORT

Secretary MacDonald reported on the Aviation Division study by Joint Legislative Audit Review Committee, which recommended the Division stay within the Department. He also reported that FHWA issued a grant for the Puget Sound Regional Council's transportation pricing pilot project. He stated that he has been traveling around the state to observe several projects underway and to meet with local officials. He visited the Tri-Cities and Walla Walla area, and learned a great deal regarding the importance of the four-laning project on US 12 to the area's economic health. Recently, Wal Mart decided not to invest in a major distribution center in Walla Walla, specifically because US 12 was not four lanes. He also reported on the Department's response to the truck accident on I-90 the night before, and described how the Department and other agencies managed the situation, cleared the highway, cleaned up the gasoline spill and repaired damages to pavement.

TOLL ANALYSIS PRELIMINARY RESULTS

Dave Dye, Urban Corridors Administrator, reported that the Department completed a preliminary assessment of the tolling capacity of the urban corridors in the Central Puget Sound. The study raised many good questions for further research, giving only a preliminary order of magnitude regarding the amount of revenue that might be collected from tolls in the area. Mike Cummings, Urban Corridors Environmental and Systems Director, summarized the findings, indicating that the amount of revenue that can be collected is enhanced, and the amount of traffic diversion from one facility to others is minimized, if the freeway system throughout the Central Puget Sound is tolled as a system, rather than only a few individual corridors being tolled. The Department is exploring further the performance of a 131-mile freeway system network toll program. Initial estimates are that the system could raise anywhere from \$250 million to \$460 million each year (calculated in 2014 dollars). Commissioner Barnes urged the Department to consider developing legislation to give the Commission the authority to place tolls on all state facilities. He pointed out that if more facilities were tolled it would provide a percentage of the amount of revenue needed for the entire state program and the

tolls would be less on each individual facility. He stated that there are many different methodologies that can be used to calculate tolls.

ALASKAN WAY VIADUCT AND SEAWALL PROJECT UPDATE

Dave Dye briefed the Commission regarding the seismic risk analysis for the Alaskan Way Viaduct, and the new standards being developed at the federal level for earthquake risk and structure performance for new facilities. Mr. Dye indicated that there is an ongoing corridor study on the Alaskan Way Viaduct. Secretary MacDonald briefed the Commission about current seismic standards compared to past standards, and what seismologists have learned. It is not just the measurements provided by the Richter Scale that are important, but how often there are earthquakes, the duration and intensity. All of these variables can affect the amount of damages to structures. He also commented that structural safety standards are being increased as a result of seismic studies.

Maureen Sullivan, Urban Project Director, reviewed the progress made since the summer of 2001. The Department has moved from basic concepts, through design plan options, to three specific design plans. She reviewed the details of each of the three design plans that are: aerial, tunnel, and rebuild. The constraints in each of the approaches would be maintaining access for traffic throughout construction and major utility relocation. There is the need to add additional access points and improvements to current ramp connections. She stated that there is a financing group that is looking at different funding options for the projects, whether the Viaduct and seawall are separate projects or one. Ms. Sullivan explained that the Department would present the plans to the Alaskan Way Viaduct Leadership Group the following week and hold open houses in the area to obtain input on the three design plans.

KING STREET STATION UPDATE

Ron Sheck, Commuter/Intercity Rail Coordinator, updated the Commission regarding progress on the King Street Transportation Center Project. The rehabilitation of King Street would be conducted in two phases. Phase One is an interim rehabilitation, a quick fix-up of the existing station interior space that can be completed in a short period of time. Phase Two will be a full build-out of the center, turning it into the central component of a major multimodal transportation center. Phase Two will also increase the capacity of the track, signals and platform at the station. Mr. Sheck indicated the estimated cost of Phase One was \$11 million to \$13 million, while Phase Two would cost an estimated \$145 million. There will be three other elements introduced: an intercity bus terminal, the waterfront streetcar repositioned to become a fully functional public transportation, and the monorail.

DESIGNATION OF US 97 PATEROS TO CANADIAN BORDER AS STATE SCENIC BYWAY

Judy Lorenzo, Heritage Corridor Program Manager, briefed the Commission regarding a request to designate a portion of US 97, extending from Pateros to the Canadian border, as a state scenic byway. Chris Branch, City Planner for Omak, expressed the communities' support for the designation, as did Dale Sparber, Mayor of Omak. The designation is part of the strategy of the area to increase tourism to improve the local economy. The Commission adopted a resolution designating the route.

It was moved by Commissioner Forner, and seconded by Commissioner Niva, to approve Resolution 634, adopting the designation of US 97 Pateros to Canadian border as a state scenic byway. The motion passed unanimously.

ECONOMIC DEVELOPMENT & TRANSPORTATION COMMITTEE REPORT

Commissioner Maher and Elizabeth Robbins, Director of Planning, Advocacy and Initiatives discussed the report, and reminded the Commission regarding the committee's recommendations, from the June Commission meeting. The Commission discussed the report recommendations and possible modifications. The recommendations call for the Commission and the Department to work toward several strategies to improve the use of transportation facilities and services to promote economic development in rural Washington.

It was moved by Commissioner Marr, and seconded by Commissioner Barnes, to adopt the report. It was then moved by Commissioner Marr, and seconded by Commissioner Barnes to adopt the amendment in Recommendation No. 2 in the report to delete the phrase "add capability" and replace it with "promote and enhance capability". The motion to amend Recommendation No. 2 passed with opposition from Commissioner Forner. The Commission voted on the original motion as amended, passing it with opposition from Commissioner Forner.

RESOLUTION REGARDING GENERAL AVIATION SECURITY

John Sibold, Aviation Division Director, discussed with the Commission the concerns the Department and the aviation community has with the general aviation security policies that are being discussed by the Transportation Security Agency at the federal level. He recommended the Commission adopt a policy statement for the Washington Transportation Plan regarding the importance of a balanced approach in aviation security issues, and to authorize the formation of a task force of the general aviation community under the direction of the Aviation Division, which would develop best security practices to be used as a model for the nation, to guide actions within Washington, and to be used to influence the development of the national standards. The Commission adopted a resolution amending the Washington Transportation Plan and authorized Mr. Sibold to proceed with the task force.

It was moved by Commissioner Niva, and seconded by Commissioner Kargianis, to approve Resolution 635, adopting General Aviation Security. The motion passed unanimously.

POTENTIAL LEGISLATIVE ISSUES - 2003 SESSION

Don Griffith, Legislative Liaison, reviewed with the Commission several concepts being considered for agency request legislation. The Department is discussing possible legislation to clarify the bonding authority of the Regional Transportation Improvement District (RTID) and the ability of the Commission to impose tolls on existing facilities in support of RTID projects related to those facilities. The Department is also discussing legislation that would fund the long-term transportation demand management programs included in the various corridor plans under the RTID statute. The Department is considering legislation to prohibit smoking on ferries. In the area of improving project delivery, the Department is discussing alternative contracting procedures for Washington State Ferries, changing the surety bond requirements for large projects, and looking into alternative contracting procedures for highway construction. Mr. Griffith reviewed several concepts related to business practices and efficiency. The Department is considering legislation to authorize the Department to provide copies of appraisal documents in property acquisition activities, removing the \$10,000 limit on the amount the state can provide a business that has been displaced as a result of a public works project, authorizing Washington State Ferries to negotiate labor agreements for longer than the current two-year term, banning the use of studded tires, allowing the failure to wear a seatbelt to be admissible as evidence in civil actions involving injury claims, and providing the Department the responsibility for recording and collecting collision data. The Commission discussed the concepts, and indicated to Mr. Griffith that the Department should continue developing each of the concepts and report back at the September meeting for a review of the pros and cons of the legislative proposals.

HIGHWAY CONSTRUCTION PROGRAM DELIVERY REPORT

Greg Selstead, Program Delivery Manager, provided an interim report on the delivery of the Highway Construction Program during FY 02. The Department is delivering projects at a higher rate than the historical average in several areas. He stated that the Department is initiating several steps to make certain that the agency maximizes program delivery without exceeding the legislative appropriation for each program. Mr. Selstead noted that projects are being identified by size or complexity that could introduce significant risk, thus distorting cash flow. Each region is being asked to project any significant changes on a monthly basis that could effect delivery. He indicated that the Commission would be briefed monthly regarding the status of the programs and the success of the agency in managing the expenditures.

The Commission meeting adjourned at 4:10 p.m. on July 17, 2002.